



December 21, 2012

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: **Connect America Fund, WC Docket No. 10-90**

Dear Ms. Dortch:

On Thursday, December 20, 2012, Walter McCormick, Jr. and I, representing USTelecom, met with Zachary Katz and Michael Steffen of Chairman Genachowski's office. We discussed the Commission's recent Further Notice of Proposed Rulemaking released in this docket on November 19, 2012, concerning the Connect America Fund Phase I program. As the Further Notice states, over 80% of the 18 million Americans unserved by broadband live in geographic areas served by price cap companies. We stressed the importance our companies attach to solving this challenge by bringing robust broadband to people living in these rural, high-cost areas and the key role that the CAF Phase I program can play in the short-term in connecting these Americans. Given the size of this challenge, we discussed the need to combine the remaining funding from the first round of the Connect America Fund into funding for a second round in 2013, as set out in paragraph 3 of the Further Notice. We discussed the modifications for a new round of Connect America Fund Phase I set out in the Further Notice and the relationship between the proposals and the ability to quickly implement an effective program to close the broadband gap in the very rural areas of the country served by price cap companies. A longer term solution to this rural broadband challenge depends on implementing Phase II of the Connect America Fund, which will distribute funding based on a cost model. We voiced our strong support for making Phase II of the program a reality and our desire to work with all parties to ensure that an accurate cost model is put in place quickly and used to identify high-cost areas and to distribute appropriate funding. Of course, funding would only be distributed in areas where there is no unsubsidized broadband service provider.

Finally, we discussed USTelecom's recently filed Petition for Declaratory Ruling that Incumbent Local Exchange Carriers are Non-Dominant in the Provision of Switched Access Services. We stressed the importance of beginning a public dialogue on the benefits of reclassifying incumbent local exchange carriers as non-dominant.

Sincerely,

Jonathan Banks
Senior Vice President, Law & Policy

c: Zachary Katz
Michael Steffen